

**BONA VISTA WATER IMPROVEMENT DISTRICT
BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED DECEMBER 31, 2008**

**BONA VISTA WATER IMPROVEMENT DISTRICT
YEAR ENDED DECEMBER 31, 2008**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bona Vista Water Improvement District

We have audited the accompanying financial statements of the business-type activities of Bona Vista Water Improvement District, as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bona Vista Water Improvement District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Bona Vista Water Improvement District, as of December 31, 2008, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2009, on our consideration of Bona Vista Water Improvement District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Directors
Bona Vista Water Improvement District

The management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements the collectively comprise Bona Vista Water Improvement District's basic financial statements. The impact fee schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Wood Richards & Associates

Ogden, Utah
June 1, 2009

**BONA VISTA WATER IMPROVEMENT DISTRICT
MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

This document is a narrative overview and analysis of the financial activities of Bona Vista Water Improvement District for the year ending December 31, 2008. Bona Vista Water Improvement District's management encourages readers to consider the information presented here in conjunction with the financial statements, which follow this section.

Basic Financial Statements

The Balance Sheet focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the District owns, the liabilities it owes, and the net difference. The net difference is further separated into amounts invested in capital assets, net of related debt; restricted for specific purposes and unrestricted amounts.

The Statement of Revenues, Expenses and Changes in Net Assets focuses on operating revenues and expenses and the extent to which the water fund relies on non operating revenues of impact fees, interest revenue, and operational activities.

The Notes to the Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

The Management's Discussion and Analysis is intended to explain the significant changes in financial position and the differences in operation between the current and prior years. When possible, significant changes from the prior year are explained in the following paragraphs.

**BONA VISTA WATER IMPROVEMENT DISTRICT
MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

Financial Statements

A condensed version of the Balance Sheet at December 31, 2008 follows:

Net Assets at Year-end

	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 5,368,428	\$ 5,703,551
Other assets	536,934	384,597
Capital assets	<u>10,940,947</u>	<u>9,952,795</u>
Total assets	<u>\$ 16,846,309</u>	<u>\$ 16,040,943</u>
Current liabilities	<u>\$ 516,373</u>	<u>\$ 506,723</u>
Total liabilities	<u>516,373</u>	<u>506,723</u>
Net assets:		
Invested in capital assets	10,940,947	9,952,795
Restricted		
Impact Fees	1,262,776	1,570,533
Fire Hydrant	8,556	9,706
Unrestricted	<u>4,117,657</u>	<u>4,001,186</u>
Total net assets	<u>16,329,936</u>	<u>15,534,220</u>
Total liabilities and net assets	<u>\$ 16,846,309</u>	<u>\$ 16,040,943</u>

During the year ended December 31, 2008 the significant events that changed the balance of net assets were:

The expansion in 2008 included improvements and additions to the water system.

**BONA VISTA WATER IMPROVEMENT DISTRICT
MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

A condensed version of the Statement of Revenues, Expenses and Changes in Net Assets follows:

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Water sales	\$ 1,494,063	\$ 1,512,208
Billing fees and miscellaneous	316,625	177,041
Taxes	453,775	428,573
Total operating revenues	<u>2,264,463</u>	<u>2,117,822</u>
Non-operating revenues:		
Connection and impact fees	397,117	639,123
Interest income	176,080	279,989
Gain on sale of assets	(4,711)	28,375
Plan fees and annexations	38,766	152,873
Total non-operating revenues	<u>607,252</u>	<u>1,100,360</u>
Total revenues	<u>2,871,715</u>	<u>3,218,182</u>
Expenses:		
Depreciation	361,204	319,363
Personnel expenses	567,647	660,385
Water purchases	737,867	696,902
Other operating expenses	513,005	515,913
Total operating expenses	<u>2,179,717</u>	<u>2,192,563</u>
Contributed capital	103,718	413,466
Change in net assets	795,716	1,439,085
Beginning net assets	<u>15,534,220</u>	<u>14,095,135</u>
Ending net assets	<u>\$ 16,329,936</u>	<u>\$ 15,534,220</u>

For the year ended December 31, 2008 the total revenues for the District were \$2,871,715, Operating revenues total \$2,264,463. The majority of the revenue is from water sales. The non-operating revenues of \$607,252 consist of impact fees, connection fees, and interest income.

**BONA VISTA WATER IMPROVEMENT DISTRICT
MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

Budgetary Highlights

The District follows the "Uniform Fiscal Procedures Act". Budgets may be increased by resolution of the Board of Directors at any time during the year, following a public hearing.

Capital Assets and Debt Administration

Capital Assets

At December 31, 2008 the District had \$10,940,947 invested in capital assets, including land, buildings, equipment and water delivery systems. This amount represents a net increase from additions, deductions, and depreciation of \$988,152 or 9.9% from the prior year.

Capital Assets at Year-end

	<u>2008</u>	<u>2007</u>
Land	\$ 194,500	\$ 194,500
Building	1,003,923	1,003,923
Equipment	417,277	372,742
Water delivery system	<u>14,190,600</u>	<u>12,926,512</u>
Subtotal	15,806,300	14,497,677
Accumulated depreciation	<u>(4,865,353)</u>	<u>(4,544,882)</u>
Net capital assets	<u><u>\$ 10,940,947</u></u>	<u><u>\$ 9,952,795</u></u>

There were \$1,264,088 additions to the water delivery system and \$44,535 additions to equipment during the 2008 year.

**BONA VISTA WATER IMPROVEMENT DISTRICT
MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

Economic factors and currently known facts

The District's Weber Basin and Ogden City water assessment increased by \$37,800 in 2008. These assessments are likely to have additional increases in the future due to operation and maintenance costs.

The District's future plans are to make improvements to existing water system and install large feeder lines in areas of new growth financed by impact fees.

Financial Contact

The District's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the District's Manager, Monday thru Friday 9:00 a.m. to 5:00 p.m. at 2020 West 1300 North Farr West, Utah 84404.

**BONA VISTA WATER IMPROVEMENT DISTRICT
BALANCE SHEET
AS OF DECEMBER 31, 2008**

	2008	2007 Comparative Only
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 5,368,428	\$ 5,703,551
Accounts receivable, net	418,669	256,304
Taxes receivable	28,386	38,419
Inventory	69,372	86,955
Prepaid insurance	20,507	2,919
Total current assets	<u>5,905,362</u>	<u>6,088,148</u>
Noncurrent assets:		
Capital assets:		
Land	194,500	194,500
Net depreciable capital assets	<u>10,746,447</u>	<u>9,758,295</u>
Total noncurrent assets	<u>10,940,947</u>	<u>9,952,795</u>
Total assets	<u><u>\$ 16,846,309</u></u>	<u><u>\$ 16,040,943</u></u>
LIABILITIES:		
Current liabilities:		
Deposits	\$ 114,632	\$ 194,876
Accounts payable - municipalities	177,602	135,406
Accounts payable - other	40,251	-
Accrued expenses	14,812	12,221
Unearned revenue	2,708	2,708
Compensated absences	<u>166,368</u>	<u>161,512</u>
Total current liabilities	<u>516,373</u>	<u>506,723</u>
NET ASSETS:		
Invested in capital assets	10,940,947	9,952,795
Restricted for:		
Impact fees	1,262,776	1,570,533
Fire hydrants	8,556	9,706
Unrestricted	<u>4,117,657</u>	<u>4,001,186</u>
Total net assets	<u>16,329,936</u>	<u>15,534,220</u>
Total liabilities and net assets	<u><u>\$ 16,846,309</u></u>	<u><u>\$ 16,040,943</u></u>

The notes to the financial statements are an integral part of this statement.

BONA VISTA WATER IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008	2007 Comparative Only
OPERATING REVENUES:		
Water sales	\$ 1,494,063	\$ 1,512,208
Miscellaneous income	195,862	81,911
Billing fees and late penalties	120,763	95,130
Property taxes	453,775	428,573
Total operating income	<u>2,264,463</u>	<u>2,117,822</u>
OPERATING EXPENSES:		
Water purchases	737,867	696,902
Salaries	481,907	576,501
Payroll taxes and retirement	85,734	83,884
Telephone and radio	12,283	12,069
Office supplies	61,477	68,218
Repairs and maintenance	93,436	62,438
Truck and tractor costs	24,637	21,455
Insurance and bonds	126,998	143,170
Professional services	19,715	21,487
Utilities	32,310	32,408
Chemical and water testing	8,023	4,691
Training	15,037	12,151
Depreciation	361,204	319,363
Supplies	106,267	130,010
Other expenses	12,822	7,816
Total operating expenses	<u>2,179,717</u>	<u>2,192,563</u>
Operating income	<u>84,746</u>	<u>(74,741)</u>
NONOPERATING REVENUES (EXPENSES):		
Interest earned	176,080	279,989
Connection fees	104,223	99,582
Impact fees	292,894	539,541
Plan review fee	32,116	45,474
Annexations	6,650	107,399
Gain (loss) on disposal of assets	(4,711)	28,375
Total nonoperating revenues (expenses)	<u>607,252</u>	<u>1,100,360</u>
Net income (loss) before contributions	691,998	1,025,619
Contributed capital	<u>103,718</u>	<u>413,466</u>
Change in net assets	795,716	1,439,085
TOTAL NET ASSETS, BEGINNING OF YEAR	<u>15,534,220</u>	<u>14,095,135</u>
TOTAL NET ASSETS, END OF YEAR	<u><u>\$ 16,329,936</u></u>	<u><u>\$ 15,534,220</u></u>

The notes to the financial statements are an integral part of this statement.

**BONA VISTA WATER IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	2008	2007 Comparative Only
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 1,331,698	\$ 1,510,445
Cash received from property taxes	463,808	417,505
Cash received from other operating activities	316,625	177,041
Cash paid to suppliers	(1,168,430)	(1,181,857)
Cash paid to employees	(560,194)	(527,517)
Net cash provided by operating activities	<u>383,507</u>	<u>395,617</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash received from impact fees	292,894	539,541
Cash received from connection fees	23,979	14,649
Cash received from annexations	6,650	107,399
Cash received from plan review fees	32,116	45,474
Proceeds from sale of capital assets	29,307	28,375
Acquisition and construction of capital assets	(1,279,656)	(854,001)
Net cash used by capital and related financing activities	<u>(894,710)</u>	<u>(118,563)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	176,080	279,989
Net cash provided by investing activities	<u>176,080</u>	<u>279,989</u>
Net Increase (Decrease) in cash and cash equivalents	(335,123)	557,043
Cash and cash equivalents - beginning of year	5,703,551	5,146,508
Cash and cash equivalents - end of year	<u>\$ 5,368,428</u>	<u>\$ 5,703,551</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 84,746	\$ (74,741)
Reconciling adjustments:		
Depreciation	361,204	319,363
(Increase) Decrease in accounts receivable	(162,365)	(1,763)
(Increase) Decrease in taxes receivable	10,033	(11,068)
(Increase) Decrease in inventory	17,583	16,454
(Increase) Decrease in prepaid insurance	(17,588)	4,341
Increase (Decrease) in accounts payable	82,447	10,163
Increase (Decrease) in accrued expenses	2,591	812
Increase (Decrease) in compensated absences	4,856	132,056
Total adjustments	<u>298,761</u>	<u>470,358</u>
Net cash provided by operating activities	<u>\$ 383,507</u>	<u>\$ 395,617</u>

The notes to the financial statements are an integral part of this statement.

**BOA VISTA WATER IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Bona Vista Water Improvement District was organized under State of Utah statutes in 1956 by action of the Weber County Commissioners. This action established a legal entity that has power to levy taxes, issue bonds, and construct and operate a water improvement system to provide water for the benefit of the District area. The District is managed by a board of directors.

In defining the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards board (GASB). Based upon the application of the criteria established by GASB Statement No. 14, the District has no component units.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable that do not conflict with or contradict GASB pronouncements). Although the District has the option to apply FASB pronouncements issued after that date to its enterprise fund, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

The District has the following fund type:

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Enterprise Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

Measurement Focus and Basis of Accounting

The accounts of Bona Vista Water Improvement District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

**BOA VISTA WATER IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

The government's financial statements are presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements and the State Treasurer's Investment Pool.

Investments are stated at cost which approximates fair value.

Receivables and Payables

Real property taxes are collected by the County Treasurer and remitted to the District after collection. Taxes are due and payable on November 1st and delinquent after 12 o'clock noon on November 30th of each year. The tax levy is established by June 15th with a lien date of January 1st. All trade and property tax receivables are shown net of an allowance for uncollectibles.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

**BONA VISTA WATER IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Building improvements	15
Water System	50
Office equipment	5-10
Operating equipment	5-10

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay and sick pay are accrued when incurred and reported as a liability.

Equity

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

It is the District's policy to first apply restricted resources before applying unrestricted resources when an expense is incurred for purposes by which both restricted and unrestricted net assets are available. The District only uses the restricted net assets for their specified purposes of impact fees and fire hydrants.

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist of charges for services including property taxes assessed for those services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type activities and result from nonexchange transactions or ancillary activities.

**BONA VISTA WATER IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Information

Annual budgets are prepared and adopted in accordance with the "Uniform Fiscal Procedures Act" by the Bona Vista Water Improvement District on or before December 15th for the following fiscal year, which begins on January 1. Budgets may be increased by resolution of the Board of Directors at any time during the year, following a public hearing.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

1. On or before the first regular scheduled meeting in November, the Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to the formal adoption of the budget the Board of Directors will hold budget workshop meetings, which are open to the public.
3. Prior to budget adoption the Board of Directors sets a date for a public budget hearing at which time taxpayers' comments are heard. Copies of the proposed budget are made available for public inspection 10 days prior to the budget hearing. At the conclusion of the budget hearing the budget, as amended, is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for the Government Funds.
5. Budgets for the District are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Board of Directors during the 2008 fiscal year.
6. Unencumbered budget appropriations lapse at the end of the fiscal year.

2. DEPOSITS AND INVESTMENTS

The District's cash includes petty cash and amounts in demand deposits. This cash is displayed in the account titled "Cash and cash equivalents." Investments are stated at cost or amortized cost, which approximates fair value. Deposits are not collateralized nor are they required to be by State statute. The District's investments are displayed on the balance sheet in the same caption as deposits.

The District follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. This Act requires the depositing of District funds in a "qualified depository". The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

**BONA VISTA WATER IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

Custodial credit risk – Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. As of December 31, 2008, \$1,602,767 of the District's bank deposits of \$1,862,956 were uninsured and uncollateralized.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the District and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes and other evidence of indebtedness of political subdivision of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund (PTIF).

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses – net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF Investment pool is approximately equal to the value of the pool shares.

**BONA VISTA WATER IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

2. DEPOSITS AND INVESTMENTS (CONTINUED)

As of December 31, 2008, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)				Quality Ratings
		Less than 1	1-5	6-10	More than 10	
PTIF Investments	3,767,059	3,767,059	-	-	-	not rated
	3,767,059	3,767,059	-	-	-	

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by investing mainly in the Utah Public Treasurers Investment Fund and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Maturities of the District's investments are noted in the previous table.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar held in the portfolio. The District's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

Custodial credit risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk. The District's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

Components of cash and investments (including interest earning deposits) at December 31, 2008, are as follows:

Reconciliation of deposits and investments

Deposits	\$ 1,601,069
Cash on hand	300
Investments	<u>3,767,059</u>
Cash and cash equivalents	<u>\$ 5,368,428</u>

**BONA VISTA WATER IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

3. RECEIVABLES

Receivables as of year end, including the applicable allowance for uncollectible accounts, are as follows:

Taxes	\$ 28,386
Water	96,094
Sewer, garbage, and storm drain	177,338
Other receivables	145,237
Allowance for doubtful accounts	-
	<u><u>\$ 447,055</u></u>

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 194,500	\$ -	\$ -	\$ 194,500
Total capital assets, not being depreciated	<u>194,500</u>	<u>-</u>	<u>-</u>	<u>194,500</u>
Capital assets, being depreciated				
Buildings	1,003,923	-	-	1,003,923
Water system	12,926,512	1,338,290	(74,202)	14,190,600
Office equipment	45,779	-	-	45,779
Operating equipment	326,963	90,984	(46,449)	371,498
Total capital assets, being depreciated	<u>14,303,177</u>	<u>1,429,274</u>	<u>(120,651)</u>	<u>15,611,800</u>
Accumulated Depreciation for:				
Buildings	(51,658)	(20,292)	-	(71,950)
Water system	(4,345,611)	(277,988)	28,302	(4,595,297)
Office equipment	(11,160)	(9,156)	-	(20,316)
Operating equipment	(136,453)	(53,768)	12,431	(177,790)
Total accumulated depreciation	<u>(4,544,882)</u>	<u>(361,204)</u>	<u>40,733</u>	<u>(4,865,353)</u>
Total capital assets, being depreciated, net	<u>9,758,295</u>	<u>1,068,070</u>	<u>(79,918)</u>	<u>10,746,447</u>
Business-type activities capital assets, net	<u><u>\$ 9,952,795</u></u>	<u><u>\$1,068,070</u></u>	<u><u>\$ (79,918)</u></u>	<u><u>\$10,940,947</u></u>

**BONA VISTA WATER IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

5. ACCRUED COMPENSATED ABSENCES

Vacation pay is due and payable when an employee terminates employment with the District. Sick pay is due and payable when an employee retires from the District. Therefore, accumulated unpaid vacation and sick leave is recorded as a liability. At December 31, 2008 the District had accrued \$166,368 respectively.

6. ACCOUNTS PAYABLE - MUNICIPALITIES

The District entered into an agreement with Harrisville City and Plain City during 1984, Central Weber Sewer District during 1986, Farr West City during 1994, and Marriott-Slaterville City during 2003 to bill and collect sewer and garbage fees. The amount yet to be collected from the customers of these municipalities is included in Accounts Receivable. The amount owing these municipalities from Bona Vista is presented in the Accounts Payable - Municipalities.

	<u>Accounts Receivable</u>	<u>Accounts Payable</u>
Farr West	\$ 46,232	\$ 52,932
Harrisville	43,281	43,281
Plain City	48,532	49,772
Marriott-Slaterville	21,810	21,810
Central Weber	8,791	9,807
Total	<u>\$ 168,646</u>	<u>\$ 177,602</u>

7. RISK MANAGEMENT - CLAIMS AND JUDGEMENTS

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters.

The District maintains commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or in prior years.

8. RESTRICTED NET ASSETS

Impact fees - An impact fee is charged on all new construction permits. The use of these fees is limited by state law to be used for capital improvements. The restricted balance is expendable for its purpose.

Fire hydrants - In 2003 Weber County contributed money to Bona Vista Water Improvement District. That money is restricted and entirely expendable for the installation of fire hydrants.

**BONA VISTA WATER IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

9. DESIGNATED NET ASSETS

The board of directors has determined that substantial improvements to their system are needed. For that purpose net assets have been designated in the amount of \$6,976,541 at December 31, 2008. To be in accordance with GASB Statement No. 34, this designation of net assets is not reported on the face of the balance sheet. Following is a list of planned improvements and estimated costs prepared by the board:

<u>Year</u>	<u>Project</u>	<u>Estimated Costs</u>
2009	8" water main on SR39 from 1200 W to 801 W	\$ 207,662
2009	12" mater main on 2100 S from 1900 W to 2050 W	55,650
2009	8" water main on 2200 N from 3475 W to 2900 W	188,160
2009	10" water main on 1800 S from 1900 W to 2700 W	382,560
2009	12" water main on 750 W from HWY 89 to W Harrisville Rd	344,280
2009	12" water main on N Plain City Rd from 3625 W to 4200 W	330,120
2009	GIS system mapping	77,052
2010	12" water main on N Plain City Rd from 2575 W to 3400 W	441,960
2010	2 Million gallon reservoir	2,674,080
2011	18" water main on 1700 N from Washington Blvd to Mtn Rd	781,200
2011	8" water main on 2200 N from 3825 W to 4100 W	119,913
2011	8" water main on 2600 N from 3025 W to 3425 W	141,456
2012	8" water main on Wash. Blvd from 800 N to Larsen Lane	71,808
2012	8" water main on 1600 W from 200 N to 400 N	90,240
2012	8" water main on 2900 W from 1600 S to 1800 S	113,280
2013	8" water main on Pioneer Rd from 3700 W to 4150 W	242,400
2013	12" water main on 4200 W from 2800 N to 3100 N	382,320
2013	10" water main on 1975 N from 4100 W to 4650 W	332,400
Total estimated costs		\$ 6,976,541

**BONA VISTA WATER IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

10. RETIREMENT SYSTEM

Plan description

The Bona Vista Water Improvement District contributes to the Local Governmental Noncontributory Retirement System which is for employers with social security coverage cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems. Utah Retirement Systems provide funds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement board (Board) whose members are appointed by the Governor.

The Systems issue a publicly available financial report that includes financial statements and required supplementary information of the Local Governmental Non-contributory Retirement System. The Utah State Retirement Systems is on a calendar year which ends December 31, 2008. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding policy

The District is required to contribute 11.62% of their covered salary from January 2008 through December 2008. The contribution rates are the actuarially determined rates. The contribution requirements of the system are authorized by statute and specified by the Board.

The contributions by the District to the Local Governmental Noncontributory Retirement System for the years ended December 31, 2008, 2007, and 2006 were \$44,494, \$41,856, and \$36,998 respectively. The contributions were equal to the required contributions for each year and were paid by the due dates or within 30 days thereafter.

The Utah Retirement Systems have adopted Governmental Accounting Standards Board Statement 32 (GASB NO. 32), *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This resulted in reporting the 457 Plans as a "Trust Fund" rather than previously as an "Agency Fund". Now all of the assets and income of the 457 Plan are held in trust for the exclusive benefit of the participants or their beneficiaries rather than the assets of the employer. The assets are no longer assets of the employer and are not to be included in the employer financial statements.

The District also provides a 401-k plan for employees. All employees are given the opportunity, through payroll deductions, of additional participation in the 401-k plan. The contributions by employees to the 401-k plan for the years ended December 31, 2008, 2007, and 2006 were \$13,650, \$14,425, and \$15,600 respectively.

OTHER SUPPLEMENTARY INFORMATION

BONA VISTA WATER IMP. DISTRICT
IMPACT FEE SCHEDULE
Revenues as of December 31, 2008

Impact fees are assessed for all new connections just prior to the user or builder applying for a building permit in those cities that the District supplies water to.
The impact fees are based on the size of connection that is being connected to the District's system.

YEAR	AMOUNT	INTEREST	EXPENDITURES	BALANCE
				1,372,028
2005	228,351	40,960	(161,120)	1,480,219
2006	303,193	70,541	(202,618)	1,651,335
2007	510,366	86,621	(619,705)	1,628,617
2008	234,810	47,006	(647,657)	1,262,776

PROJECTS OR PAYEE FROM WHICH FUNDS WERE COLLECTED:

Mill Creek Subdivision	2008	5,740
Miya Meadows Subdivision	2008	15,975
Hunter Run	2008	1,065
Mt West Meadows	2008	5,325
Pheasant Farms	2008	2,130
Jensen-2200 North	2008	1,065
Still Creek Subdivision	2008	6,390
Marriott-2275 North	2008	1,065
Fox Subdivision	2008	4,260
Camelot Cove	2008	31,036
Hidden Willows Sub	2008	3,195
Archway Sub	2008	2,130
MSC Industrial Park	2008	1,065
Upgrade/Tramcor	2008	1,115
Intermountain Farmers	2008	5,740
Quail Meadows	2008	2,130
Taylor Sub	2008	1,065
Fremont Estates	2008	2,130
Value Place Hotel	2008	6,750
Holmes Estate	2008	2,130
MSC-Retention	2008	1,065
Mt. View Landing	2008	19,348
Medical Building	2008	2,870
1700 South	2008	2,128
West Haven Industrial Park	2008	1,755

PROJECTS OR PAYEE FROM WHICH FUNDS WERE COLLECTED:

2425 North	2008	1,065
Mill Creek Subdivision	2008	1,065
Wilson Lane	2008	1,755
4575 West	2008	1,065
1600 West	2008	1,065
200 South	2008	1,065
Wildflower Sub	2008	6,390
Upgrade/Perkes	2008	690
Homestead	2008	1,065
Mt. View	2008	1,065
Tristar/2000 West	2008	2,128
Secrist Acres	2008	2,130
Plumbing Bldg.	2008	1,755
Christensen-4200 West	2008	1,065
Milton-2350 North	2008	1,065
Farr West Farms	2008	3,195
Industrial Park	2008	5,265
Granite	2008	10,631
Granite	2008	1,755
Tiffany Bluff	2008	1,065
Upgrade/Watson	2008	690
Wheeler Basket Ball Court	2008	2,128
Seclusion Sub	2008	2,130
Weber County Bus	2008	6,750
Clinton	2008	1,065
Far Farms	2008	1,755
Acorn Storage	2008	1,065
Bethany Place	2008	1,065
Bible Church	2008	1,755
Mt. Crest Woodwork	2008	1,755
Wilson Lane	2008	1,755
250 North	2008	1,065
2200 North	2008	1,730
Farr West Plaza	2008	1,065
Field-Freestone	2008	1,065
Value Place Hotel	2008	2,128
2179 West	2008	1,065
Maverik	2008	2,870
North Plain City Rd.	2008	1,065
Plain City Meadows	2008	1,065
Comfort Inn Motel	2008	6,750
Golf Crest	2008	18,018
		<u>234,810</u>

BONA VISTA WATER IMP. DISTRICT
IMPACT FEE SCHEDULE
Past and Projected Expenditures of Impact Fees
As of December 31, 2008

Project	2009	2010	2011	Total
1200 South water line	89,662			89,662
2200 North water line	69,911			69,911
1800 South water line	279,209			279,209
750 West water line	190,734			190,734
North Plain City Road water line	134,879			134,879
2 M.G. Reservoir		457,467		457,467
 Total pojected expenditures				 1,221,862

AUDITORS' REPORTS

INDEPENDENT AUDITOR'S REPORT
STATE OF UTAH LEGAL COMPLIANCE

To the Board of Directors
Bona Vista Water Improvement District

We have audited the accompanying financial statements of the business-type activities of Bona Vista Water Improvement District, for the year ended December 31, 2008 and have issued our report thereon dated June 1, 2009. Our audit included testwork on the District's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

Public Debt	Truth in Taxation & Property Tax Limitations
Cash Management	Purchasing Requirements
Budgetary Compliance	Other General Compliance Issues
Impact Fees	General Compliance Special Districts
Retirement System	

The District did not receive any major or non-major State grants during the year ended December 31, 2008.

The management of Bona Vista Water Improvement District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with requirements referred to above.

In our opinion, Bona Vista Water Improvement District, complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2008.

Wood Richards & Associates
June 1, 2009

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Bona Vista Water Improvement District

We have audited the financial statements of the business-type activities of Bona Vista Water Improvement District as of and for the year ended December 31, 2008, which collectively comprise Bona Vista Water Improvement District's financial statements and have issued our report thereon dated June 1, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bona Vista Water Improvement District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bona Vista Water Improvement District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bona Vista Water Improvement District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Bona Vista Water Improvement District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Bona Vista Water Improvement District's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Bona Vista Water Improvement District's internal control.

June 1, 2009

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bona Vista Water Improvement District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Wood Richards & Associates

Ogden, UT
June 1, 2009